



# Industrial Commission of Arizona

Protection of life, health, safety, and welfare of Arizona's workforce

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# Disclaimer

- Nothing in this presentation is intended to serve as legal or medical advice on any particular workers' compensation claim. The discussion of the hypotheticals should not be considered to be the official position of the Industrial Commission as it pertains to any specific medication or pharmaceutical service. The medications discussed in the hypotheticals are not endorsed by the Commission, nor is the presentation attempting to dictate what medications should and should not be prescribed to an injured worker. This presentation should not be used as a replacement for Arizona law, the actual Fee Schedule Guidelines, or the advice of qualified legal counsel. Although the presenters have attempted to provide accurate and current information, we apologize if there are any inaccuracies in the presentation.

# Session Objectives

- ODG Drug Formulary & the Arizona Opioid Epidemic Act
- Generic vs. Brand-Name Medications
- Traditional vs. Non-Traditional Strength Medications
- Repackaged Medications and Co-Packs
- Compound Medications
- Physician-Administered Medications
- Medications Dispensed by a Physician or “Pharmacy Not Accessible to the General Public”
- Over-the-Counter Medications
- Dispensing Fees



# Physicians and Pharmaceutical Fee Schedule: Background

23-908. Injury reports by employer and physician; schedule of fees; violation; classification

B. The commission shall fix a schedule of fees to be charged by physicians, physical therapists or occupational therapists attending injured employees and, subject to subsection C of this section, for prescription medicines required to treat an injured employee under this chapter. NOTWITHSTANDING SUBSECTION C OF THIS SECTION, THE SCHEDULE OF FEES MAY INCLUDE OTHER REIMBURSEMENT GUIDELINES FOR MEDICATIONS DISPENSED IN SETTINGS THAT ARE NOT ACCESSIBLE TO THE GENERAL PUBLIC. The commission shall annually review the schedule of fees.

<https://www.azica.gov/>

The screenshot displays the homepage of the Industrial Commission of Arizona. The header features the agency's logo, name, and mission statement, along with social media icons and a search bar. A navigation bar includes links to Agency Information, Divisions, News and Events, Resources, How Do I, Online Services, and Payment Portal. The Divisions dropdown menu is open, listing various departments, with the Medical Resource Office (MRO) highlighted. A large red arrow points to the MRO. Below the menu, three landscape images represent different stakeholder groups: Employees, Insurers, and Medical Providers. At the bottom, a banner for the 2020 Claims Seminar is visible.

**Industrial Commission of Arizona**  
Protection of life, health, safety, and welfare of Arizona's workforce

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- Administrative Law Judge (ALJ) Division
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- Claims Division
- Labor Department
- Legal Division
- Medical Resource Office (MRO)**
- Special Fund Division

**2020 CLAIMS SEMINAR**



# Medical Resource Office

*Serving the workers' compensation community by managing the treatment guidelines process and the Physicians' and Pharmaceutical Fee Schedule.*



## TREATMENT GUIDELINES INFORMATION

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- [Treatment Guidelines FAQs](#)
- [Flowcharts for Preauthorization, Reconsideration and Administrative Peer Review Processes](#)
- [Treatment Guidelines Administrative Rules \(Article 13\)](#)
- [Medical Resource Office \(MRO\) Portal](#)
- [Medical Treatment Preauthorization Form](#)



## OFFICIAL DISABILITY GUIDELINES

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- [Official Disability Guidelines Information \(ODG\)](#)
- [ODG FAQs](#)
- [ODG Drug Formulary](#)
- [ODG by MCG Homepage](#)



## FEE SCHEDULE

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- [Amended 2020/2021 Fee Schedule Staff Proposal and Request for Public Comment](#)
- [2020/2021 Fee Schedule Staff Proposal and Request for Public Comment](#)
- [Amended 2020/2021 Proposed RBRVS Fee Schedule Excel Spreadsheet](#)
- [2020/2021 Proposed RBRVS Fee Schedule Excel Spreadsheet](#)
- [2020/2021 Fee Schedule Public Comments](#)
- [March 26, 2020 Updates to the 2019/2020 Fee Schedule re E-Services, Virtual Check-Ins, and COVID-19 Testing](#)
- [Physicians' and Pharmaceutical Fee Schedules](#)
- [Fee Schedule FAQs](#)
- [2019/2020 RBRVS Fee Schedule Excel Tables](#)



### Select Desired Year

**2019 Physician's Fee Schedule:** Effective Date of This Fee Schedule: October 1, 2019 through September 30, 2020. The Commission has adopted Medi-Span® as the publication for determining AWP under the Pharmaceutical Fee Schedule. Access Medi-Span website [here](#), but note that use of this website may require a paid registration.



[2019 Physician's Fee Schedule](#) →

**2018 Physician's Fee Schedule:** Effective Date of This Fee Schedule: October 1, 2018 through September 30, 2019. The Commission has adopted Medi-Span® as the publication for determining AWP under the Pharmaceutical Fee Schedule. Access Medi-Span website [here](#), but note that use of this website may require a paid registration.

[2018 Physicians' Fee Schedule](#) →

**2017 Physician's Fee Schedule:** Effective Date of This Fee Schedule: October 1, 2017 through September 30, 2018. The Commission has adopted Medi-Span® as the publication for determining AWP under the Pharmaceutical Fee Schedule. Access Medi-Span website [here](#), but note that use of this website may require a paid registration.

[2017 Physicians' Fee Schedule](#) →

**2016 Physician's Fee Schedule:** Effective Date of This Fee Schedule: October 1, 2016 through September 30, 2017. The Commission has adopted Medi-Span® as the publication for determining AWP under the Pharmaceutical Fee Schedule. Access Medi-Span website [here](#), but note that use of this website may require a paid registration.

[2016 Physicians' Fee Schedule](#) →

**2015 Physician's Fee Schedule:** Effective Date of This Fee Schedule: October 1, 2015 through September 30, 2016. The Commission has adopted Medi-Span® as the publication for determining AWP under the Pharmaceutical Fee Schedule. Access Medi-Span website [here](#), but note that use of this website may require a paid registration.

[2015 Physicians' Fee Schedule](#) →

**2014 Physician's Fee Schedule:** Effective Date of This Fee Schedule: October 1, 2014 through September 30, 2015. The Commission has adopted Medi-Span® as the publication for determining AWP under the Pharmaceutical Fee Schedule.

[2014 Physicians' Fee Schedule](#) →

*Notice of updates and corrections to the Arizona Physician's Fee Schedules (which may occur throughout the year) will be provided through this website.*

# DIRECTOR'S OFFICE ARIZONA PHYSICIANS' FEE SCHEDULE - 2019

**March 26, 2020 Updates to the 2019/2020 Fee Schedule re E-Services, Virtual Check-Ins, and COVID-19 Testing**

Effective Date of Fee Schedule: October 1, 2019 through September 30, 2020

SECTION	CODES	GUIDELINES
<b>Introduction</b>		<a href="#">2019-2020 Fee Schedule Introduction</a> (PDF)
<b>Pharmaceutical Fee Schedule</b>		<a href="#">2019-2020 Fee Schedule Pharmaceutical Guidelines</a> (PDF)
<b>Anesthesia</b> CPT® 00100 - 01999 & 99100 - 9914	<a href="#">2019 Fee Schedule Anesthesia Codes</a> (PDF)	<a href="#">2019 Fee Schedule Anesthesia Guidelines</a> (PDF)
<b>Surgery</b> CPT® 10021 - 69990	<a href="#">2019 Fee Schedule Surgery Codes</a> (PDF)	<a href="#">2019 Fee Schedule Surgery Guidelines</a> (PDF)
<b>Radiology</b> CPT® 70010 - 79999	<a href="#">2019 Fee Schedule Radiology Codes</a> (PDF)	<a href="#">2019 Fee Schedule Radiology Guidelines</a> (PDF)
<b>Pathology/Laboratory</b> CPT® 80047 - 89398	<a href="#">2019 Fee Schedule Pathology and Lab Codes</a> (PDF)	<a href="#">2019 Fee Schedule Pathology Guidelines</a> (PDF)
<b>Medicine</b> CPT® 90281 - 96999	<a href="#">2019 Fee Schedule Medicine Codes</a> (PDF)	<a href="#">2019 Fee Schedule Medicine Guidelines</a> (PDF)
<b>Physical Medicine</b> CPT® 97001 - 98969	<a href="#">2019 Fee Schedule Physical Medicine Codes</a> (PDF)	<a href="#">2019 Fee Schedule Physical Medicine Guidelines</a> (PDF)
<b>Special Services</b> CPT® 99000 - 99607	<a href="#">2019 Fee Schedule Special Services Codes</a> (PDF)	<a href="#">2019 Fee Schedule Special Services Guidelines</a> (PDF)
<b>Evaluation and Management</b> CPT® 99201 - 99499	<a href="#">2019 Fee Schedule Evaluation and Management Codes</a> (PDF)	<a href="#">2019 Fee Schedule Evaluation and Management Guidelines</a> (PDF)
<b>Category III Codes</b> CPT® 0019T - 0436T	<a href="#">2019 Fee Schedule Category III Codes</a> (PDF)	<a href="#">2019 Fee Schedule Category III Codes Guidelines</a> (PDF)





# Hypothetical 1

NDC #	Drug Name	B/G	Physician Name	Qty	Days' Supply	AWP	State Fee Schedule
59011046010	OXYCONTIN	B		60	30	\$1196.68	\$1143.85

- Payer received invoice from a “Pharmacy Accessible to the General Public.”
- Injured worker with a compensable claim required surgical intervention immediately following the injury and was prescribed OxyContin (60 mg) for pain.



Drug	NDC	AWP/Unit	Qty.
Oxycontin	59011046010	\$19.94	60

# The Arizona Opioid Epidemic Act

- Applicable to physicians that prescribe Schedule II controlled substances to an injured worker. *See* A.R.S. § 23-1062.02.
- Requires physicians to check the Controlled Substances Prescription Monitoring Program (“PMP”) **before** dispensing an opioid or benzodiazepine.
- Prohibits physicians from dispensing Schedule II opioids, except for medical-assisted treatment for substance abuse.
- Generally limits the first-fill of an opioid prescription to five days, except a fourteen-day supply can be prescribed following a surgery.
- A carrier or self-insured employer **is not liable** for bad faith or unfair claims processing for any act reasonably necessary to monitor or assess the appropriateness and effectiveness of an employee’s opioid use.

# Hypothetical 1

## ODG Formulary & Schedule II Opioids

B. Medications are not reimbursable unless “reasonably required” at the time of injury or during the period of disability. *See* A.R.S. § 23-1062(A); A.A.C. R20-5-1303(A). The Industrial Commission of Arizona has adopted the Official Disability Guidelines (ODG), including ODG’s Drug Formulary Appendix A (ODG Formulary), as the standard reference for evidence-based medicine used in treating injured employees within the context of Arizona’s workers’ compensation system. Effective October 1, 2018, ODG applies to all body parts and conditions. *See* A.A.C. R20-5-1301(B), (E). ODG is to be used as a tool to support clinical decision making and quality health care delivery to injured employees. The ODG Formulary sets forth pharmaceutical guidelines that are generally considered reasonable and are presumed correct if the guidelines provide recommendations related to a particular medication. *See* A.A.C. R20-5-1301(H). Medical practitioners are encouraged to consult the ODG Formulary before dispensing or prescribing medications to injured employees.



# Hypothetical 1

## ODG Formulary & Schedule II Opioids

### OxyContin® (oxycodone)

**Body system:** Pain  
**Treatment type:** Medications  
**Formulary status:** **N**



**NR** Not Recommended (generally)

Not recommended for first-line use for treatment of acute or chronic non-malignant pain because short-acting opioids are recommended prior to use of long-acting opioids.

### Gabapentin (Neurontin®)

**Body system:** Low Back  
**Treatment type:** Medications  
**Formulary status:** **Y**



**R** Recommended (generally)

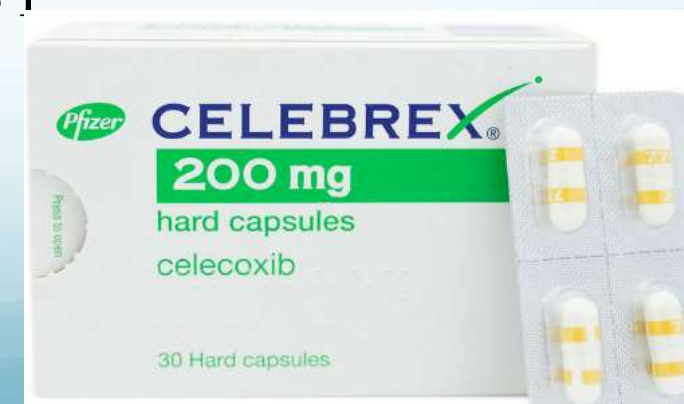
Recommended as a trial for lumbar spinal stenosis (LSS). Gabapentin, which has been used in the treatment of neuropathic pain, may be effective in the treatment of symptoms associated with LSS.

# Hypothetical 2

Prescription Name NDC / Strength	Days' Supply	Qty	Retail Or Mail	Brand Or Generic	DAW	M/S	AWP	State Fee Schedule	Prescription Cost
<b>CELEBREX</b> <b>200MG</b> <b>NDC -</b> <b>00025152531</b>	<b>30</b>	<b>30</b>	<b>Retail</b>	<b>B</b>	<b>0</b>	<b>O</b>	<b>\$455.74</b>	<b>\$439.95</b>	<b>\$428.95</b>

- Payer received invoice from a “Pharmacy Accessible to the General Public.”
- Injured worker with compensable claim is experiencing pain that did not respond to Ibuprofen or Acetaminophen.
- Celebrex is a “Y” drug in the ODG Formulary for pain.

Drug	NDC	AWP/Unit
Celebrex 200mg	00025152531	\$15.19



# Hypothetical 2

## Reimbursement Value & Generic vs. Brand

F. The reimbursement value for a prescription medication shall be calculated on a per unit basis based on the applicable AWP per unit and the following methodology:

1. Generic drugs: (85% of AWP per unit) x (number of units dispensed).
2. Brand name drugs: (85% of AWP per unit) x (number of units dispensed).

- Section III(F)



# Hypothetical 2

## Reimbursement Value & Generic vs. Brand

C. Generic drugs must be dispensed to injured employees when appropriate, consistent with A.R.S. § 32-1963.01(A),<sup>1</sup> (B), and (D) through (L).<sup>2</sup> See A.R.S. § 23-908(C). For purposes of this subsection, the definitions in A.R.S. § 32-1963.01(L) apply.<sup>3</sup> As a cost reducing measure, medical practitioners should prescribe less costly drugs whenever possible.

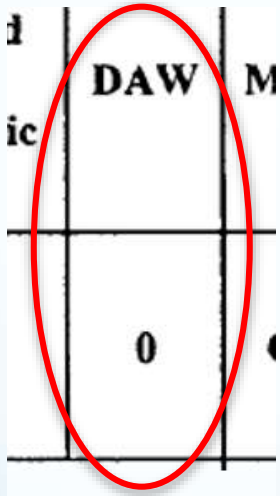
A.R.S. § 32-1963.01(A) states: “If a medical practitioner prescribes a brand name drug and does not indicate an intent to prevent substitution as prescribed in subsection E of this section, a pharmacist may fill the prescription with a generic equivalent drug.”

A.R.S. § 32-1963.01(E) states: “A prescription generated in this state must be dispensed as written only if the prescriber writes or clearly displays ‘DAW’, ‘dispense as written’, ‘do not substitute’ or ‘medically necessary’ or any statement by the prescriber that clearly indicates an intent to prevent substitution on the face of the prescription form. A prescription from out of state or from agencies of the United States government must be dispensed as written only if the prescriber writes or clearly displays ‘do not substitute’, ‘dispense as written’ or ‘medically necessary’ or any statement by the prescriber that clearly indicates an intent to prevent substitution on the face of the prescription form.”

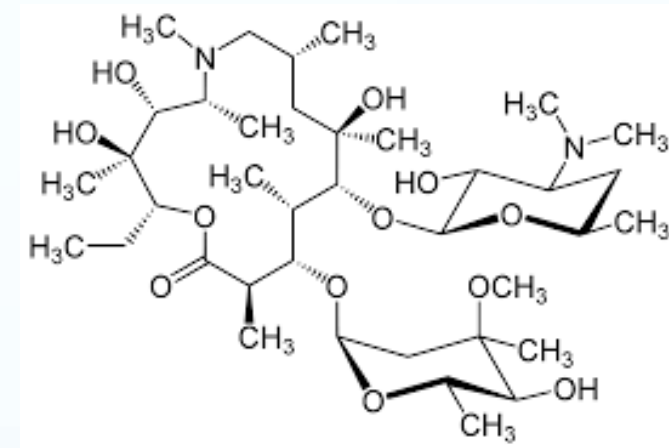
# Hypothetical 2

## Reimbursement Value & Generic vs. Brand

### Generic



Celecoxib 200mg		
NDC	AWP/Unit	Reimbursement (85%)
13811-0660-50	\$1.79	\$45.65 + Disp. Fee
16714-0733-02	\$6.30	\$160.65 + Disp. Fee
69399-0194-85	\$7.80	\$198.90 + Disp. Fee



### Brand

Drug	NDC	AWP/Unit	Reimbursement (85%)
Celebrex 200mg	00025152531	\$15.19	\$387.35 + Disp. Fee



# Hypothetical 3

	24. A. DATE(S) OF SERVICE						B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES				E. DIAGNOSIS POINTER	F.		G. DAYS OR UNITS
	MM	DD	YY	MM	DD	YY			CPT/HCPCS	(Explain Unusual Circumstances) MODIFIER				\$ CHARGES		
1	NDC 00591333001 Cyclobenzaprine HCL 7.5mg															
	04	12	20	04	12	20	11		99070				ABC	309	37	60
2	NDC 69467100101 Tramadol HCL ER 150mg															
	04	12	20	04	12	20	11		99070				ABC	638	24	60

- Payer received invoice from a “Pharmacy Accessible to the General Public.”
- Injured worker with compensable claim underwent surgery prior to the prescription.
- Tramadol and Cyclobenzaprine are both “Y” drugs in the ODG Formulary.

Drug	Strength	NDC	Qty	AWP/60 Qty.
Cyclobenzaprine Hydrochloride	7.5 mg	00591333001	60	\$288.60
Tramadol HCL ER	150 mg	69467100101	60	\$556.20





# Hypothetical 3

## Non-Traditional Strength Medication

I. “Non-traditional strength” medication means a finished drug product in a strength (*i.e.* dosage) that is not commercially available in pharmacies accessible to the general public.

C. “Commercially available” means a drug product is widely available for purchase in pharmacies accessible to the general public, including in brick and mortar pharmacies accessible to the general public.

- Section II(I) & (C)

G. Reimbursement for non-traditional strength prescription medications shall be calculated on a per unit basis, as of the date of dispensing, based on the original manufacturer’s NDC and corresponding AWP of the most therapeutically-similar traditional strength form of the same medication. Under no circumstance shall the NDC of the non-traditional strength medication be used.

- Section III(G)

# Hypothetical 3

## Non-Traditional Strength Medication

Drug	Strength	NDC	Qty	AWP/Unit	Reimbursement (85%)
Cyclobenzaprine Hydrochloride	7.5 mg (NTS)	00591333001	60	\$4.81	\$245.31 + Disp. Fee
Cyclobenzaprine Hydrochloride	5 mg (TS)	10702000601	60	\$1.73	\$88.23 + Disp. Fee
Cyclobenzaprine Hydrochloride	10 mg (TS)	71550010101	60	\$2.98	\$151.98 + Disp. Fee
Tramadol HCL ER	150 mg (NTS)	69467100101	60	\$9.27	\$472.77 + Disp. Fee
Tramadol HCL ER	100 mg (TS)	68180069706	60	\$3.64	\$185.64 + Disp. Fee
Tramadol HCL ER (Ultram® ER)	300 mg (TS)	54868579100	60	\$8.49	\$432.99 + Disp. Fee

# Hypothetical 4

24. A. DATE(S) OF SERVICE						B.	C.	D. PROCEDURES, SERVICES, OR SUPPLIES		E.	F.	G.	H.	I.
From To						PLACE OF SERVICE	EMG	(Explain Unusual Circumstances)		DIAGNOSIS	CHARGES	DAYS OR UNITS	REFILL	ID.
MM	DD	YY	MM	DD	YY			CPT/HCPCS	MODIFIER	NUMBER				QUAL.
01	08	20	01	08	20	01		NDC# 51862058605		2004406	276.81	120		OB
REPACK NDC #61919045226								HYDROCODONE/ACETAMINOPHEN TAB 7.5-325		A	30 days			NPI

- Payer received invoice from a “Pharmacy Accessible to the General Public.”
- Injured worker is treating with a pain specialist for chronic pain.
- Hydrocodone/ Acetaminophen is a “Y” drug in the ODG Formulary for pain.



Drug	NDC	Qty	AWP/Unit
Hydrocodone/ Acetaminophen 7.5-325	61919045226	120	\$2.65

# Hypothetical 4

## Repackaged Medication

- A. A pharmaceutical bill submitted for a repackaged medication must identify the NDC of the repackaged medication, the NDC of the original manufacturer registered with the U.S. FDA, the quantity dispensed, and the reimbursement value of the repackaged medication. Under no circumstances shall the reimbursement value of a repackaged medication be based upon an NDC other than the original manufacturer's NDC. A repackaged NDC shall not be used for calculating the reimbursement value of a repackaged medication and shall not be considered the original manufacturer's NDC.
- C. The reimbursement value for a repackaged medication shall be based on the current PFS reimbursement methodology contained in Section III of the PFS, utilizing the NDC(s) and corresponding AWP(s) of the original manufacturer(s).

**- Section IV(A) & (C)**



# Hypothetical 4

## Repackaged Medications

Drug	NDC	AWP /Unit	Charged Amount	Reimbursement Based on Original NDC (85%)
Hydrocodone/ Acetaminophen 7.5-325	Repack 61919045226	\$2.65	\$276.81	
	Original 51862058605	\$0.77		\$78.85 + Disp. Fee



# Hypothetical 5

19. ADDITIONAL CLAIM INFORMATION (Designated by NUCC)  
2 : Marlido NDC 76420073001

20. OUTSIDE LAB?  
☐ YES ☒ NO

21. DIAGNOSIS OR NATURE OF ILLNESS OR INJURY. Relate A-L to service line below (24E)  
A. G90.511 B. C. D. ICD Ind. 0  
E. F. G. H.  
I. J. K. L.

22. RESUBMISSION CODE

23. PRIOR AUTHORIZATION NUM

24. A.	DATE(S) OF SERVICE			B.	C.	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)	E.	F.	G.			
	From	To	DATE OF SERVICE							EMG	CPT-HCPCS	MODIFIER
MM	DD	YY	MM	DD	YY							
1	01	09	2020	01	09	2020	11	64510	RT	A	382.00	1
2	01	09	2020	01	09	2020	11	J3490	25	A	1000.00	1

## Marlido Kit

- Bupivacaine HCL 0.5% (5mL)
- Lidocaine 2% (10mL)
- Providone-Iodine Swab sticks
- Gloves
- Bandage
- Gauze



- Payer received invoice from a pain specialist.
- Injured worker has neuropathy from an industrial injury.

Product	NDC	AWP	85% of AWP
Marlido Kit	76420073001	\$566.50	\$482.53

# Hypothetical 5

## Co-Pack

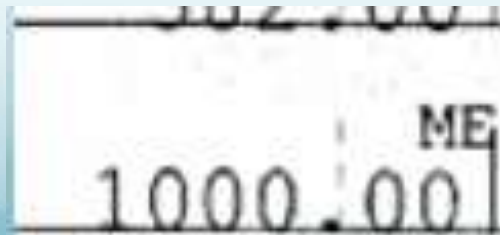
C. The reimbursement value for a repackaged medication shall be based on the current PFS reimbursement methodology contained in Section III of the PFS, utilizing the NDC(s) and corresponding AWP(s) of the original manufacturer(s).

D. Any component of a co-pack drug product for which there is no NDC shall not be reimbursed.

**- Section IV(C) & (D)**

# Hypothetical 5 Co-Pack

Product	NDC	AWP	85% of AWP
Bupivacaine HCL 0.5% (5mL)	59923071805	\$1.33	\$1.13
Lidocaine 2% (10mL)	71019017323	\$0.55	\$0.47
Providone-Iodine Swab sticks	N/A	Incident to procedure	
Gloves	N/A	Incident to procedure	
Bandage	N/A	Incident to procedure	
Gauze	N/A	Incident to procedure	



**VS.**

**\$1.60**



# Hypothetical 6

(NDC) 38779-2461-09								Gabapentin Powder			RX0103147	Qty
07   11   17   07   11   17	12										1087.31	15.00
(NDC) 38779-2739-09								Flurbiprofen Powder			RX0103147	Qty
07   11   17   07   11   17	12										823.05	18.75
(NDC) 38779-2493-07								Transdermal Pain Base Cream			RX0103147	Qty
07   11   17   07   11   17	12										208.62	76.25
(NDC) 38779-0388-09								Baclofen Powder			RX0103147	Qty
07   11   17   07   11   17	12										106.89	2.50
(NDC) 38779-0081-09								Lidocaine Powder			RX0103147	Qty
07   11   17   07   11   17	12										32.06	6.25
(NDC) 38779-0510-08								Propylene Glycol Liquid			RX0103147	Qty
07   11   17   07   11   17	12										1.42	6.25
25. FEDERAL TAX I.D. NUMBER		SSN EIN		26. PATIENT's ACCOUNT NO.				27. ACCEPT ASSIGNMENT? (For govt claims, see back)		28. TOTAL CHARGE		29. A
								<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		\$ 2259.35		\$

- Payer received invoice from a “Pharmacy Accessible to the General Public.”
- Injured worker suffered a low-back injury and is experiencing localized pain. Prescribed a compound cream.



# Hypothetical 6

## Topical Compound Medication

1. If a prescription drug is required, **commercially available, FDA-approved drugs for treatment of the disease process should be documented as trialed and failed prior to trials of compounded drugs.**
2. The compound drug must generally meet at least one of the following clinical scenarios. If these clinical situations are not documented, evidence from current peer-reviewed literature should be submitted by the prescriber to support use.
  - A. A custom dose or strength is required other than that commercially available.
  - B. The patient has a documented intolerance or contraindication to the commercially available product.
  - C. The patient is unable to use a pill form of a drug (ie, unable to swallow or requires a feeding tube delivery) and requires a liquid formulation.

**- Official Disability Guidelines**

# Hypothetical 6

## Topical Compound Medications

- B. The reimbursement value for a compound medication shall be calculated at the component ingredient level. The reimbursement value for a compound medication shall be based on the sum of the reimbursement values of each component ingredient and the corresponding component ingredient's NDC, based on the current PFS reimbursement methodology set forth in Section III.
- C. Any component ingredient in a compound medication for which there is no NDC shall not be reimbursed.
- D. Any component ingredient in a topical compound medication that is not FDA approved for topical use shall not be reimbursed.
- F. The maximum reimbursement value for a topical compound medication shall be the lesser of: (1) two hundred (\$200) for a thirty-day supply (or a pro-rated amount if the supply is greater or less than thirty days); or (2) the reimbursement value of the compound medication calculated under this section.

# Hypothetical 6

## Topical Compound Medication

Drug	FDA Approved?	NDC	AWP/ Unit	Reimbursement Amount (85%)
Gabapentin Powder	Off-label	38779246109	\$59.85	\$763.09
Flurbiprofen Powder	Off-label	38779279309	\$27.79	
Baclofen Powder	Off-label	38779038809	\$25.65	
Lidocaine Powder	Off-label	38779008109	\$4.28	
Propylene Glycol Liquid	N/A	38779051008	\$0.19	
Transdermal Pain Base Cream	N/A	38779249307	\$2.28	\$147.77
				Total = \$1,432.02

**\$200**



# Hypothetical 7

	24. A. DATE(S) OF SERVICE						B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)		E. DIAGNOSIS POINTER	F. S CHARGES		G. DAYS OR UNITS	H. EPSDT Family Plan
	MM	DD	YY	MM	DD	YY			CPT/HCPCS	MODIFIER					
1	08	20	19	08	20	19	11	UN	J1030		ABC	24 00	1		
2	08	20	19	08	20	19	11	UN	J1100		ABC	80 00	10		
3	08	20	19	08	20	19	11		62321		ABC	600 00	1		

- Invoice received from a physician office for physician-administered medications.
- The invoice includes a \$7 dispensing fee built within the charges for each medication.
- Injured worker is experiencing neuropathy from an industrial accident.
- Both medications are “Y” drugs in ODG Formulary.



# Hypothetical 7

## Medications Administered by a Physician

B. The reimbursement value for a medication administered by a medical practitioner shall be based on the current PFS reimbursement methodology contained in Sections III, IV, and V of the PFS, as applicable.

**- Section VI(B)**

C. If a prescription or OTC medication is administered by a medical practitioner, a dispensing fee is not permitted.

**- Section VIII(C)**

# Hypothetical 7

## Medications Administered by a Physician

Drug	NDC	AWP/Unit	Qty	Reimbursement Amount (85%)
Methylprednisolone Acetate	400703003104	\$10.44	1	\$8.87*
Dexamethasone Sodium Phosphate	463323016501	\$3.16	10	\$26.86*



\*No dispensing fee should be included in the reimbursement.

# Hypothetical 8

14. DATE OF CURRENT ILLNESS, INJURY, or PREGNANCY (LMP) MM DD YY QUAL 12 29 2019 431										15. OTHER DATE QUAL MM DD YY										16. DATES PATIENT UNABLE TO FROM MM DD YY									
17. NAME OF REFERRING PROVIDER OR OTHER SOURCE										17a. 17b. NPI										18. HOSPITALIZATION DATES RE FROM MM DD YY									
19. ADDITIONAL CLAIM INFORMATION (Designated by NUCC)										20. OUTSIDE LAB? YES NO																			
21. DIAGNOSIS OR NATURE OF ILLNESS OR INJURY Relate A-L to service line below (24E) ICD Ind.										22. RESUBMISSION CODE																			
A. S93.40 1A B. M25.57 1 C. D. E. F. G. H. I. J. K. L.										23. PRIOR AUTHORIZATION NUI																			
24. A. DATE(S) OF SERVICE From To MM DD YY MM DD YY B. PLACE OF SERVICE C. EMG D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances) CPT/HCPCS MODIFIER E. DIAGNOSIS POINTER F. \$ CHARGES G. DAYS OR UNITS																													
1 ZZ Established Patient Expanded Exam																													
01 10 20 12 30 19 11 99213 25 AB 135 08 1.0																													
2 ZZS/Gel Cold/Hot pk-SMALL each																													
01 10 20 01 10 20 11 99070 AB 8 05 1.0																													
3 NDC 61442010201 Diclofenac Sodium 50mg #90																													
01 10 20 01 10 20 11 99070 AB 77 27 90																													

- Payer received invoice from a physician office who dispensed the medications.
- Injured worker is experiencing moderate pain from an industrial accident.
- Injured worker lives in Phoenix, Arizona.
- Diclofenac Sodium is an “Y” drug in the ODG Formulary.



# Hypothetical 8

## Medications Dispensed by a Physician

- A. Except as permitted in Section VII of the current PFS, an insurance carrier, self-insured employer, or the Special Fund of the Commission is responsible for the payment of prescription medications only if all of the following apply:
1. The prescription medication is dispensed by an individual who is currently licensed to practice the profession of pharmacy by either: (i) the Arizona State Board of Pharmacy; or (ii) an equivalent regulatory agency in another U.S. state, territory, or district; and
  2. The prescription medication is dispensed by a pharmacy accessible to the general public, including online or mail-order pharmacies that are accessible to the general public.

- Section III(A)

# Hypothetical 8

## Medications Dispensed by a Physician

- A. An insurance carrier, self-insured employer, or the Special Fund of the Commission is responsible for the payment of prescription medications that are dispensed by a medical practitioner or in a pharmacy not accessible to the general public if all of the following apply:
1. The prescription medication is dispensed by a medical practitioner to the injured employee within seven days of the date of the industrial injury;
  2. The prescription medication is limited to no more than a one-time, ten-day supply;
  3. The prescription medication conforms to dosages and formulations that are commercially available in pharmacies accessible to the general public.

- Section VII(A)

# Hypothetical 8

## Medications Dispensed by a Physician

- B. An insurance carrier, self-insured employer, or the Special Fund of the Commission is responsible for the payment of prescription medications that are dispensed by a medical practitioner or in a pharmacy not accessible to the general public if all of the following apply:
1. The injured employee does not have access to a pharmacy accessible to the general public within 20 miles of the injured employee's home address, work address, or the address of the prescribing medical practitioner;
  2. The injured employee cannot reasonably acquire the prescription medication from an online or mail order pharmacy accessible to the general public; and
  3. The prescription medication conforms to dosages and formulations which are commercially available in pharmacies accessible to the general public.

- Section VII(B)

# Hypothetical 8

## Medications Dispensed by a Physician

C. An insurance carrier, self-insured employer, or the Special Fund of the Commission is responsible for the payment of prescription medications that are dispensed by a medical practitioner or in a pharmacy not accessible to the general public if the dispensing of a prescription medication for an individual claim and specified duration has been preapproved in writing by the insurance carrier, self-insured employer, or the Special Fund of the Commission. Nothing in this section requires an insurance carrier, self-insured employer, or the Special Fund of the Commission to preapprove the dispensing of prescription medications under this subsection.

- Section VII(C)



# Hypothetical 8

## Medications Dispensed by a Physician

14. DATE OF CURRENT ILLNESS, INJURY, or PREGNANCY (LMP) MM DD YY <b>12 29 2019</b> QUAL: 431							15. OTHER DATE MM DD YY QUAL:							16. DATES PATIENT UNABLE TO MM DD YY FROM						
17. NAME OF REFERRING PROVIDER OR OTHER SOURCE							17a.							18. HOSPITALIZATION DATES RE MM DD YY FROM						
							17b. NPI													
19. ADDITIONAL CLAIM INFORMATION (Designated by NUCC)														20. OUTSIDE LAB? YES NO						
21. DIAGNOSIS OR NATURE OF ILLNESS OR INJURY Relate A-L to service line below (24E) ICD Ind.														22. RESUBMISSION CODE						
A. <b>S93 .40 1A</b> B. <b>M25 .57 1</b> C. D.																				
E. F. G. H.																				
I. J. K. L.																				
23. PRIOR AUTHORIZATION NUI																				
24. A. DATE(S) OF SERVICE B. C. D. PROCEDURES, SERVICES, OR SUPPLIES E. F. G.																				
MM DD YY MM DD YY PLACE OF SERVICE EMG CPT/HCPCS MODIFIER DIAGNOSIS POINTER \$ CHARGES DAYS OR UNITS																				
1 ZZ Established Patient Expanded Exam																				
01 10 20 12 30 19 11 99213 25 AB 135 08 1.0																				
2 ZZS/Gel Cold/Hot pk-SMALL each																				
01 10 20 01 10 20 11 99070 AB 8 05 1.0																				
3 NDC 61442010201 Diclofenac Sodium 50mg #90																				
01 10 20 01 10 20 11 99070 AB 77 27 90																				

# Hypothetical 9

N 71862000701 Rx Ibuprofen 800mg #100 tabs													Charge		Qty	
12	30	19	12	30	19	99		99070					AB	371	45	100

- Payer received invoice from a “Pharmacy Not Accessible to the General Public.”
- Injured worker suffered a compensable mild mid-back injury.
- Injured worker lives in Tucson, Arizona.
- Injury occurred within 7 days of dispensing.
- Ibuprofen 800mg is a “Y” drug in the ODG Formulary.
- Ibuprofen 800mg is prescription strength and not available OTC.



# Hypothetical 9

## Medications Dispensed by a Pharmacy Not Accessible to the General Public

- A. An insurance carrier, self-insured employer, or the Special Fund of the Commission is responsible for the payment of prescription medications that are dispensed by a medical practitioner or in a pharmacy not accessible to the general public if all of the following apply:
1. The prescription medication is dispensed by a medical practitioner to the injured employee within seven days of the date of the industrial injury;
  2. The prescription medication is limited to no more than a one-time, ten-day supply;
  3. The prescription medication conforms to dosages and formulations that are commercially available in pharmacies accessible to the general public.

- Section VII(A)

# Hypothetical 9

## Medications Dispensed by a Pharmacy Not Accessible to the General Public

L. “Pharmacy accessible to the general public” means a pharmacy that is readily accessible and provides pharmaceutical services (including prescription medication services) to all segments of the general public without restricting services to a defined or exclusive group of consumers who have access to services because they are treated by or have an affiliation with a specific entity or medical practitioner.

M. “Pharmacy not accessible to the general public” means a pharmacy that provides services only to a defined or exclusive group of consumers who have access to pharmaceutical services (including prescription medication services) because they are treated by or have an affiliation with a specific entity or medical practitioner. “Pharmacy not accessible to the general public” does not include a hospital pharmacy.

- Section II(L) & (M)



# Hypothetical 9

## Medications Dispensed by a Pharmacy Not Accessible to the General Public

Drug	NDC	AWP/Unit	Qty	Reimbursement Amount (85%)
Ibuprofen 800mg	71862000701	\$4.37	40	\$148.58 + Disp. Fee

\*Ibuprofen - Adult Maximum Daily Dose: 3200 mg.

\*Maximum 10-day supply would be 40 tablets.



# Hypothetical 10

NDC 27495001404 Dendracin Neurodendraxin Lotion 120 mL													Charge		Qty
04	12	20	04	12	20	11		99070				ABC	1184	22	3.0

- Payer received invoice from a physician's office.
- Medication dispensed by a physician w/in 7 days of the DOI.
- Injured worker suffered a compensable mild mid-back injury.
- Injured worker lives in Yuma, Arizona.

Drug	NDC	Qty	AWP/Unit
Dendracin Neurodendraxim (120 mL)	27495001404	3	\$464.40

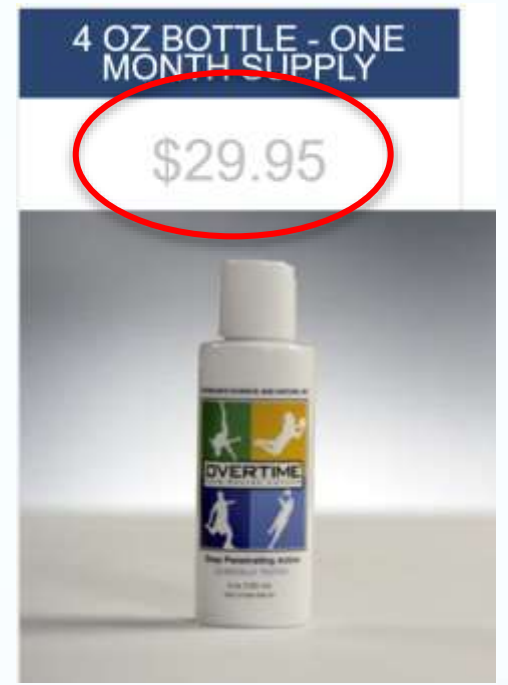
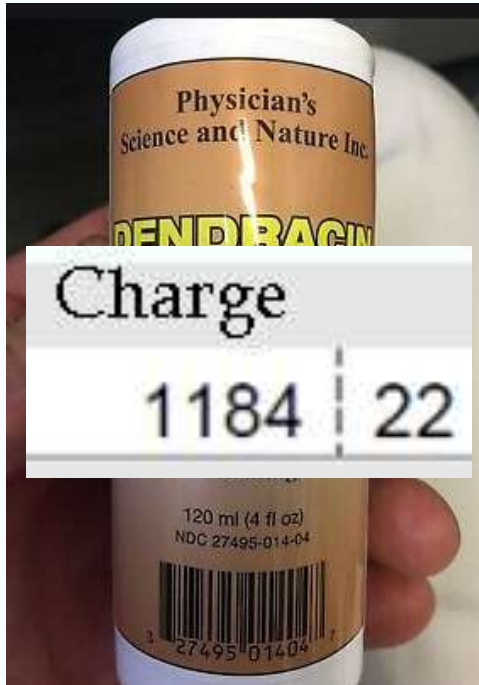


# Hypothetical 10

## OTC Medications

- E. The reimbursement value for OTC medications dispensed by a medical practitioner or in a pharmacy not accessible to the general public shall be calculated on a per unit basis, as of the date of dispensing, based on the retail price (per unit) of the OTC medication in settings where the medication is commercially available.
- F. The reimbursement value for OTC medications that are dispensed by a medical practitioner or in a pharmacy not accessible to the general public and that are not commercially available in pharmacies accessible to the general public shall be calculated on a per unit basis, as of the date of dispensing, based on the retail price (per unit) of the most therapeutically-similar OTC medication commercially available in pharmacies accessible to the general public. Under no circumstance shall the NDC or AWP of the non-commercially-available OTC medication be used.
- C. “Commercially available” means a drug product is widely available for purchase in pharmacies accessible to the general public, including in brick and mortar pharmacies accessible to the general public.

# Hypothetical 10 OTC Medications



## Dendracin Neurodendraxcin Lotion

### Active ingredients

Methyl Salicylate 30%- OTC

Menthol 10%- OTC

Capsaicin 0.025% - OTC

## Overtime Pain Relief Lotion

### Active Ingredients

Methyl salicylate 30%- OTC

Menthol USP 10%- OTC

Capsaicin 0.0375%- OTC



# Hypothetical 11

	MM	DD	YY	MM	DD	YY	SERVICE	EMD	OFFICE USE	MODIFIER	PORTER	\$ CHARGES	UNITS
1	Level 3 New Patient Office Visit												
	04	12	20	04	12	20	11		99203		ABC	197 13	1.0
2	Medication Samples												
	04	12	20	04	12	20	11		99070		ABC	10 00	1.0

- Payer received invoice from a physician's office.
- Medication dispensed by a physician w/in 7 days of the DOI.
- Injured worker suffered a compensable hand injury, which did not require surgery.
- Injured worker lives in Mesa, Arizona.



# Hypothetical 11 – Free Samples

	TIME	DD	TT	TIME	DD	TT	SERVICE	ENC	SS	ENTER	ENTER	\$ CHARGES	UNITS	
1	Level 3 New Patient Office Visit													
	04	12	20	04	12	20	11		992		ABC	197	13	1.0
2	Medication Samples													
	04	12	20	04	12	20	11		9070		ABC	10	00	1.0

G. Subject to the limitations in this section, medications that have been provided as free samples to a medical practitioner may be dispensed to an injured employee when appropriate, but are not reimbursable.

## - Section VII(G)

# Hypothetical 12

1	ZZCompletion of Work Status FormAZ099-005											
	12	30	19	12	30	19	99	AZ099-005	59		AB	40 07 1.00
2	ZZInitial Extended Visit Work Comp											
	12	30	19	12	30	19	99	99204	25		AB	299 25 1.00
3	N457896-0102 05 Rx Acetaminophen 325mg #50 tabs											
	12	30	19	12	30	19	99	99070			AB	7 91 1.00
4	ZZS/Gel Cold/Hot Pk- SMALL each											
	12	30	19	12	30	19	99	99070			AB	8 05 1.00

- Payer received invoice from a physician's office.
- Assume medication dispensed by a physician w/in 7 days of the DOI and limited to a 10-day supply.
- Injured worker lives in Kingman, Arizona.
- Acetaminophen is a "Y" drug in the ODG Formulary.

Drug	NDC	AWP/Unit	Reimbursement Amount (85%)
Acetaminophen 325mg	57896010205	\$0.016	\$0.68



# Hypothetical 12

## Dispensing Fees – OTC Drugs

- A. If a prescription medication is dispensed by a pharmacy accessible to the general public pursuant to a prescription order, a dispensing fee of up to seven dollars (\$7.00) per prescription medication, repackaged medication, or compound medication may be charged. The dispensing fee does not apply to OTC medications that are not prescribed by a medical practitioner.
- B. If a prescription medication is dispensed by a medical practitioner or in a pharmacy not accessible to the general public pursuant to Section VII(A), (B), or (C), a dispensing fee of up to seven dollars (\$7.00) per prescription medication, repackaged medication, or compound medication may be charged. If an OTC medication is dispensed by a medical practitioner or by a pharmacy not accessible to the general public, a dispensing fee is not permitted.

- Section VIII(A) & (B)



# Pharmaceutical Invoice Review: Key Steps

1. ODG Formulary – “Y” or “N” – If “N,” is justification present?
2. Compliance with the Arizona Opioid Epidemic Act?
3. Name Brand vs. Generic?
4. Apply guidelines for non-traditional strength, repackaged, or compound drugs; co-packs; and physician-administered drugs.
5. Who is dispensing the medication?
  - “Pharmacy Accessible to the General Public”
  - Physician or “Pharmacy Not Accessible to the General Public” – Apply Section VII limitations.
    - Is the drug “commercially available” or OTC?
6. Check maximum reimbursement value – 85% of AWP.
7. Is a dispensing fee appropriate?